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C O N F I D E N T I A L PRAGUE 000892

SIPDIS

E.O. 12958: DECL: 06/06/2015

TAGS: [ETTC](#) [KSTC](#) [PARM](#) [PINR](#) [PREL](#) [EZ](#) [VM](#) [PK](#)

SUBJECT: CZECH PROPOSAL FOR PASSIVE RADAR SYSTEM TO VIETNAM
RENEWED; DEMO MODEL TO PAKISTAN EXPECTED SOON

REF: A. A:(2004) SECSTATE 172966

[1](#)B. B:PRAGUE 860

Classified By: DEPUTY POLITICAL COUNSELOR MARK CANNING, REASONS 1.4 (B)
and (D)

1 (C) Deputy Foreign Minister Jan Winkler told DCM in a June 3rd meeting that the Czech Republic is considering the sale of the passive surveillance system VERA-E, in a simplified non-NATO version, to Vietnam, and would like to consult with the US on this. Winkler explained that French and Swedish exporters have recently expressed interest in Vietnam and that has prompted the Czech firm ERA to renew its own sales efforts there.

[1](#)2. (C) The MFA initially denied this application last Fall (U.S. views on sale given Reftel A). The manufacturer, ERA, withdrew the application, but resubmitted it in March. At that time, the MFA said that its position hadn't changed and that the sale was not in the interest of the Czech Republic or its allies. ERA said it had new information to present with the resubmission and presented this last week (June 2). Most of the new information involved claims by ERA of sales or proposed sales of similar radar and surveillance equipment to Vietnam by other European states, including Germany, France, Sweden and Poland.

[1](#)3. (C) In a separate June 3rd meeting, Petr Kaiser, head of the MFA's licensing office, told Embassy Pol-Mil officer that ERA wants to design and sell to Vietnam a non-NATO version of the VERA-E and is ready to consider serious reductions in the capability of the system. The Czech Ministry of Defense, which has been financially supporting VERA for many years, is also, according to Kaiser, considering this.

[1](#)4. (C) Kaiser thought there could be a meeting soon to discuss the concept of a non-NATO VERA-E. He wondered whether the US would like to have some input in the discussion about what capabilities a non-NATO machine might have, or what kind of pre-sales and post-sales safeguards non-NATO transactions might require.

[1](#)5. (C) Kaiser argued that ERA is trying to be a responsible corporation. He revealed that ERA had a board meeting within the last two weeks to discuss the ongoing suit, filed by Czech arms dealer Omnipol, over last year's canceled license for the sale of VERA-E to China. At that meeting ERA representatives decided to go against Omnipol and not be a party to the suit. Apparently, Kaiser reasoned, some at ERA feel it is not appropriate to sell VERA-E to China at this time.

[1](#)6. (C) Kaiser cautioned that the proposed sale to Vietnam is an issue that is not going to go away anytime soon.

[1](#)7. (C) Meanwhile, in a related matter, Kaiser informed Embassy Pol-mil officer that Pakistan has asked for a model of ERA's passive surveillance system ASDD to begin testing. The Czechs plan to loan this model, for a couple of weeks. Kaiser said the approval for this loan is in the pipeline and could be given within the next 2 weeks.

[1](#)8. COMMENT: (C) As discussed Reftel B, the Czech MFA has offered assurances that they want to continue consulting with USG on VERA sales. Embassy believes it is in the USG interest to engage the Czechs in a discussion on a non-NATO version of VERA. In December, 2004, the Czech MFA asked for the USG opinion on a proposed Pakistani purchase of a less capable version of VERA. The absence of a USG response has left the Czechs to decide for themselves what technical capabilities are appropriate and what conditions to attach to the sale. Post is aware that the U.S. won't have the chance to test its own VERA-E until this fall. Nevertheless, post encourages Washington to consider the Czech offer to discuss what modifications might be appropriate for a non-NATO version of the VERA-E.

[1](#)9. ACTION REQUEST: (C) Please indicate Washington's willingness to begin a technical discussion on a possible non-NATO version of the VERA-E, and Washington's views on the proposed sale of such a device to Vietnam.
CABANISS